



Open Enrollment 2006

DEPARTMENT of DEFENSE NONAPPROPRIATED FUND HEALTH BENEFITS PROGRAM



Welcome to Open Enrollment

*Open Enrollment begins on
October 24, 2005 and continues
through November 18, 2005.*

*During this time, you have the
opportunity to review your benefit
selections and make changes.*

*This brochure provides important
information about Open Enrollment,
as well as an overview of health
plan changes that will take effect
on January 1, 2006.*

2006 Benefit Plan Changes

Each year, the Department of Defense and your employer review the DoD NAF Health Benefits Program (HBP) carefully. Our first priority in this process is to ensure that we are offering a quality health care program that meets your needs, is easy to use and provides broad access to health information and resources.

The 2006 HBP year will bring changes in how you and your employer share the increasing cost of health care. Steps must be taken to address the increasing cost of claims so that you and your family can continue to enjoy a high quality health care program. As part of this cost containment process, a calendar year deductible is being reinstated to Open Choice® preferred care for some benefits. The calendar year deductible was eliminated from this plan in 2003 as a benefit enhancement, but due to increasing costs, must be reinstated as a cost containment measure.

This means a calendar year deductible will be required whether you are using a preferred or non-preferred health care provider. However, the calendar year deductible will not apply to office visits or to preventive care services which will continue to be covered at 100% when you use a preferred provider. The preferred deductible is lower than the non-preferred deductible so your out-of-pocket cost will continue to be less when you utilize preferred providers.

These cost-sharing changes are being implemented to help keep the plan affordable for both you and your employer. Without these changes, your health plan premiums would have increased by 14%. These plan changes resulted in an increase of only 6%.

While the main focus of the plan changes for 2006 is cost containment, we are pleased to announce that both the hearing and vision benefits have been enhanced (as described on the next page) without impacting the cost of the plan.



Open Enrollment 2006

October 24 – November 18, 2005

Here is a summary of the benefit changes for 2006:

★ Open Choice® Plan

- There will be a new deductible for preferred care: \$200 individual/\$600 family (3 times the individual deductible). The deductible will not apply to office visits or preventive care services.
- The deductible for non-preferred care will increase to \$600 individual/\$1,800 family (maximum of 3 times the individual deductible).
- The copay for office visits to medical specialists will increase from \$25 to \$35.
- The coinsurance amount will change for non-preferred care. The plan will pay 60% of your covered medical expenses and you will pay 40%.
- The coinsurance limit for preferred care will increase to \$3,000 individual/\$9,000 family (maximum of 3 times the individual coinsurance limit).
- The coinsurance limit for non-preferred care will increase to \$4,000 individual/\$12,000 family (maximum of 3 times the individual coinsurance limit).
- Vision benefits – The copay for a routine eye exam will no longer apply and the prescription eyewear benefit maximum will increase from \$75 to \$150 (per person per calendar year).
- Hearing benefits – The lifetime maximum benefit amount for hearing aids will increase from \$500 to \$1,000.
- Discount Program for Smoking Cessation Products – With a valid prescription, nicotine replacement products (such as patches and inhalers) can be purchased at a participating pharmacy or through the Aetna Rx Home Delivery Program®. You pay 100% of the *negotiated* cost of these products, which is lower than the retail price you would normally have to pay.

★ Traditional Choice® Plan

(for those employees who live outside an Open Choice PPO network area)

- The coinsurance limit will increase to \$3,000 individual/\$9,000 family (maximum of 3 times the individual coinsurance limit).
- Vision benefits – Routine eye exams will be covered at 100%, no deductible. The prescription eyewear benefit maximum will increase from \$75 to \$150 (per person per calendar year).
- Hearing benefits – The lifetime maximum benefit amount for hearing aids will increase from \$500 to \$1,000.
- Discount Program for Smoking Cessation Products – With a valid prescription, nicotine replacement products (such as patches and inhalers) can be purchased at a participating pharmacy or through the Aetna Rx Home Delivery Program. You pay 100% of the *negotiated* cost of these products, which is lower than the retail price you would normally have to pay.



Coinsurance Limit

The coinsurance limit is the most you are required to pay out of your own pocket for health care during the calendar year. Once you reach this limit, the plan pays benefits at 100% for covered expenses until the end of the calendar year.

Health Care Update

This year, the focus of our health care update is rising costs, which continue to be a serious problem across our country and for the DoD as well as your employer. In 2006, health care spending is expected to exceed \$2 trillion – over \$6,000 for every man, woman and child in the country¹. Meanwhile, our own costs continue to rise. In 2004, the DoD NAF Health Benefits Program paid \$157,450,472 in medical claims – approximately \$2,229 for each covered individual (both employees and their families). This represents a 13% increase over claims paid in 2003. In addition, the program paid \$41,397,240 in prescription drug claims in 2004, or \$604 for each covered individual, a 15% increase over 2003².

To help control our costs and keep a quality health benefits program affordable for everyone, we must employ cost containment measures. One such measure is cost sharing, mentioned earlier. Another measure is health care consumerism – using the same care and judgment in health care spending as in purchasing other goods and services. Here are some ways you can spend wisely and help keep health care costs in check:

Ask for Generic Drugs

When you request a generic drug (if available), you save. Generics contain the same active ingredients as brand-name drugs, have the same strength and dosage, and meet the same government quality control standards. But they cost significantly less than their brand-name counterparts. For example, 100 tablets of brand-name Prozac (20 mg) cost \$280.19; the generic equivalent costs about \$29.99.

When you request generics, you pay a lower copay. In addition, the retail cost of your medication is lower, so your employer's share of the cost is lower as well. Here is another example: the highest \$35 copay would apply to a 30-day supply of the brand-name diabetic drug Glucophage, which is not on Aetna's formulary. The lower \$10 copay would apply to a 30-day supply of a generic equivalent, saving you \$25.

We know many of you already request and use generic drugs and we thank you for doing your part to hold the line on prescription costs. As a result, there will be no changes to the prescription drug plan for 2006. Remember, you can save even more by:

- Using medication as prescribed. If you have questions about dosage, strength or interactions, ask your doctor or pharmacist.

- Using over-the-counter treatments first for minor ailments such as joint pain, heartburn and seasonal allergies. Ask your doctor if an over-the-counter treatment will work for your condition. Most over-the-counter medications cost less than prescriptions. For example, an over-the-counter remedy for heartburn runs about \$20 for a monthly supply. Your copay for a non-formulary brand-name prescription would cost \$35.
- Using Aetna Rx Home Delivery. You can order up to a 90-day supply of medication for a reasonable copay and have it delivered directly to your home. Best of all, you'll receive your 90-day supply of generic medication for the price of a 60-day supply.

Visit Aetna Navigator™

Aetna Navigator is a self-service, health information website that includes tools and information to help you better understand the cost of care and make better health care decisions. Two of the tools available at Navigator are:

- Price-a-Medical ProcedureSM, an online tool that compares how network provider fees compare to those outside the network – an effective way to help manage health care expenses.
- Price-a-DrugSM, an online tool that calculates the cost of a drug and shows your copay amount. With this tool, you can find the retail and mail-order costs of prescription drugs, and learn whether or not a generic substitute is available for the drug you need.

To make full use of all Aetna Navigator features, including personalized information and tools, follow these directions to register:

- Log on to Aetna Navigator through www.aetna.com.
- On the Aetna Navigator entry page, click on "Register Now!"
- Provide your name, date of birth, zip code and Aetna member ID number or Social Security number.
- Select a user name, password and security phrase.

Once you've completed this process, you can log on and start using Aetna Navigator. After your first visit, you can enter your user name and password in the "Log In" box on the Members & Consumers page of Aetna's website located at www.aetna.com.

Next Steps

This year's Open Enrollment will be from October 24 to November 18, 2005. Active employees who are eligible for the program may enroll for the first time, add or remove dental coverage, or make changes to their enrollment, such as moving from single to family coverage. The choices you make during Open Enrollment will become effective on January 1, 2006.

You will find detailed enrollment instructions in the enclosed cover letter from your NAF employer. Please review this letter and all other enrollment materials carefully and consider whether to keep your current health care elections or make changes to those elections.

The enclosed materials describe the plan that is available in your location. Your current medical plan election will remain the same unless there has been a network change in your area. For example, if you are currently enrolled in Traditional Choice and, due to a network expansion, you are now eligible for Open Choice, you will automatically be converted to the Open Choice plan. If you decide to change your medical plan election, or if you are enrolling for the first time, you will need to complete the enrollment process.

- AAFES employees will enroll online.
- Army employees will enroll online through their local Human Resources Office.
- Air Force employees will need to complete and return the enclosed enrollment form. Completed forms must be returned to your local Human Resources Office no later than November 18, 2005.
- CNI employees will need to request an enrollment form from their local Human Resources Office.
- Marine Corps employees will need to complete and return the enclosed enrollment form. Completed forms must be returned to your local Human Resources Office no later than November 18, 2005.
- NEXCOM employees will need to complete and return the enclosed enrollment form. Completed forms must be returned to your local Human Resources Office no later than November 18, 2005.



Sources

¹ U.S. Health Spending Projects for 2004-2014, Project HOPE – The People to People Foundation, Inc.; Health Affairs – Web Exclusive, February 2005.

² Aetna internal reports – DoD Executive Summary prepared March 2004.

